MT PRRIME

Appendix A
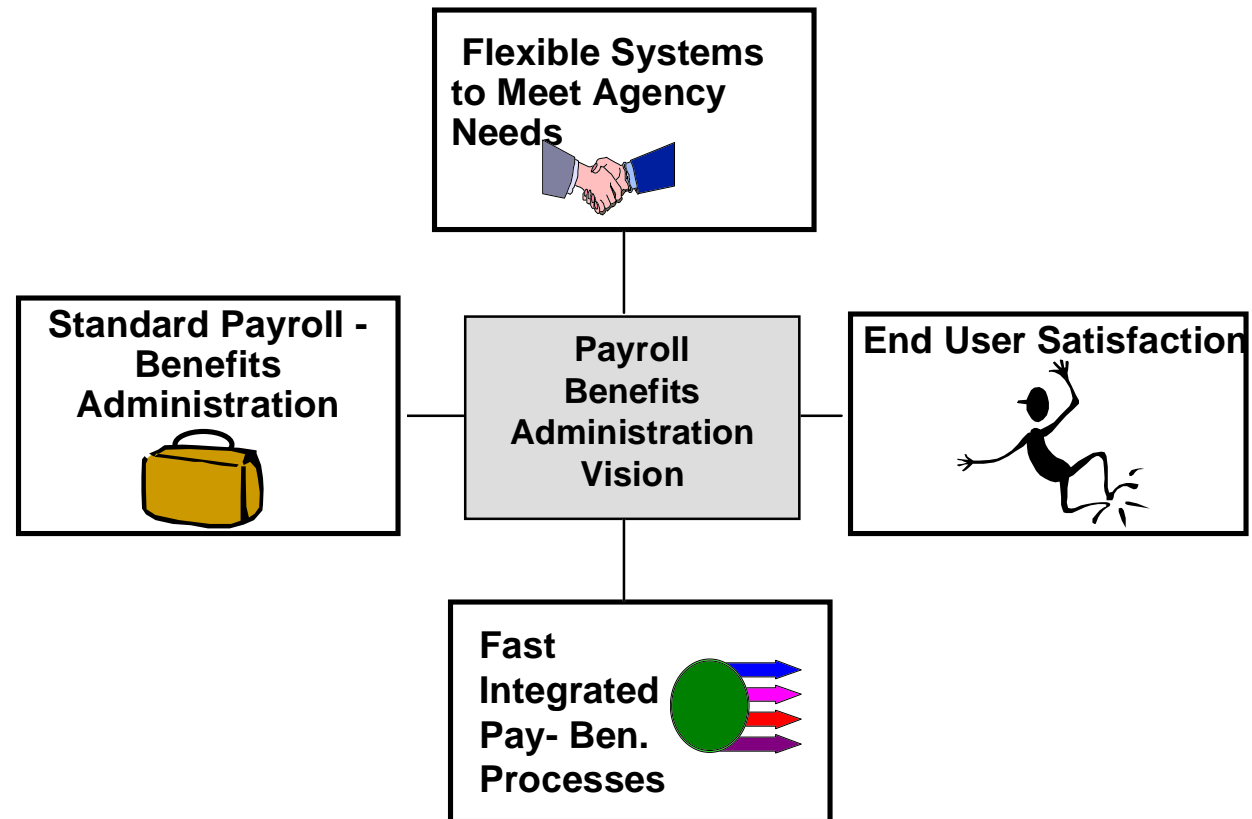# Payroll & Benefits Administration
Process Vision

MT PRRIME

Introduction

A. Description of the Process Vision
- (i) Old Way Themes versus New Way Themes
- (ii) Vision Themes

B. Building Blocks
- (i) Orientation Map
- (ii) Detailed Description of Building Blocks

C. Performance Expectations
- (i) Benchmarks and Targets
- (ii) New Process Map

D. Quick Hits

E. Impacts on Stakeholders

# Appendix A - Description of the Process Vision - Vision Themes

- The Vision is supported and enhanced by vision themes which describe the key principles for realizing the vision.

- Vision attributes describe more specific characteristics of the vision themes.

Flexible Systems to Meet Agency Needs

Standard Payroll - Benefits Administration

Payroll Benefits Administration Vision

End User Satisfaction

Fast Integrated Pay- Ben. Processes

Appendix A - Detailed Description of the Process Vision - Vision Themes

Fast Integrated Pay./Ben. Processes
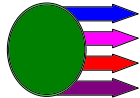
Description:

- **Flexible, simplified, highly automated and paperless processes that are adaptable to meet changing needs.**

Attributes:

- Each employee electronically inputs time directly into the EAS system. Exceptions can be reviewed by supervisor online or with summary reports. The shared services center then processes payroll transactions.

- Consistent auditing and reporting policies. Audit procedures the same for every agency.

- Automated calculation and withdrawal of leave and holiday pay so agencies do not have to figure out policy each time.

- One point of entry for all employee related data.

- Use E-Mail to communicate with employees for benefits administration.

- Online entry, editing, and reporting capability.

Benefits/Savings:

- Simpler process

- More efficiency

- Reduced effort and cost

- Shared services center is able to deal with exceptions and issues.

- Elimination of supervisor review requirements.

- Flatten work load to avoid peaks.

Appendix A - Detailed Description of the Process Vision - Vision Themes

Standard Payroll - Benefits Administration	**Description:** • **Promotion of State of Montana as a single employer with consistent policies. This will ensure fairness and consistency for all employees no matter which agency they work for.**

Attributes:

• Shared services center responsible for the integrity and management of data.

• Centralized payroll and benefits administration system incorporated into a statewide enterprise application system. Payroll and benefits data would be integrated with budget data and updated automatically.

• Fast and consistent access to data by all appropriate people.

• Integration or elimination of position control.

• Strongly encourage 100% EFT with electronic pay slips.

• Generalists within the shared services center able to answer standard questions supported by specialists who can help with more complex questions and issues.

Benefits/Savings:

• Reduced duplication of effort

• Improved economies of scale

• Better leveraged technology investments

• Consolidated reengineering efforts

• Agencies can concentrate on core competencies

• FTE savings

• Time savings - one point of entry and reception of data

• Fewer corrections and errors

Appendix A - Detailed Description of the Process Vision - Vision Themes

Flexible Systems to Meet Agency Needs

Description:

- **An enterprise-wide, user friendly and secure system that features custom and ad hoc reporting capability on accurate and timely data and built-in system edits.**

Attributes:

- Ad-hoc reporting capability for central payroll and agencies.

- Ability to respond to changing conditions and emerging requirements.

- Can be customized according to federal or collective bargaining agreement requirements.

- Ability to access all payroll and benefits data at one place which will facilitate state-wide analysis.

- Information sharing amongst agencies so hiring agencies are able to get employee history for example. PERS information available in one place.

Benefits/Savings:

- Common system across government.

- Effort focused on planning and delivering rather than tracking and maintaining.

- User friendly interfaces with extensive online help.

- Modular characteristic of EAS allows flexibility in design, implementation and use.

- Reduced paperwork.

- online system edits and logical edits built-in to reduce errors.

Appendix A - Detailed Description of the Process Vision - Vision Themes

End User Satisfaction

Description:

- **User-friendly processes to provide meaningful, timely information to managers and employees with levels of security to protect confidentiality**
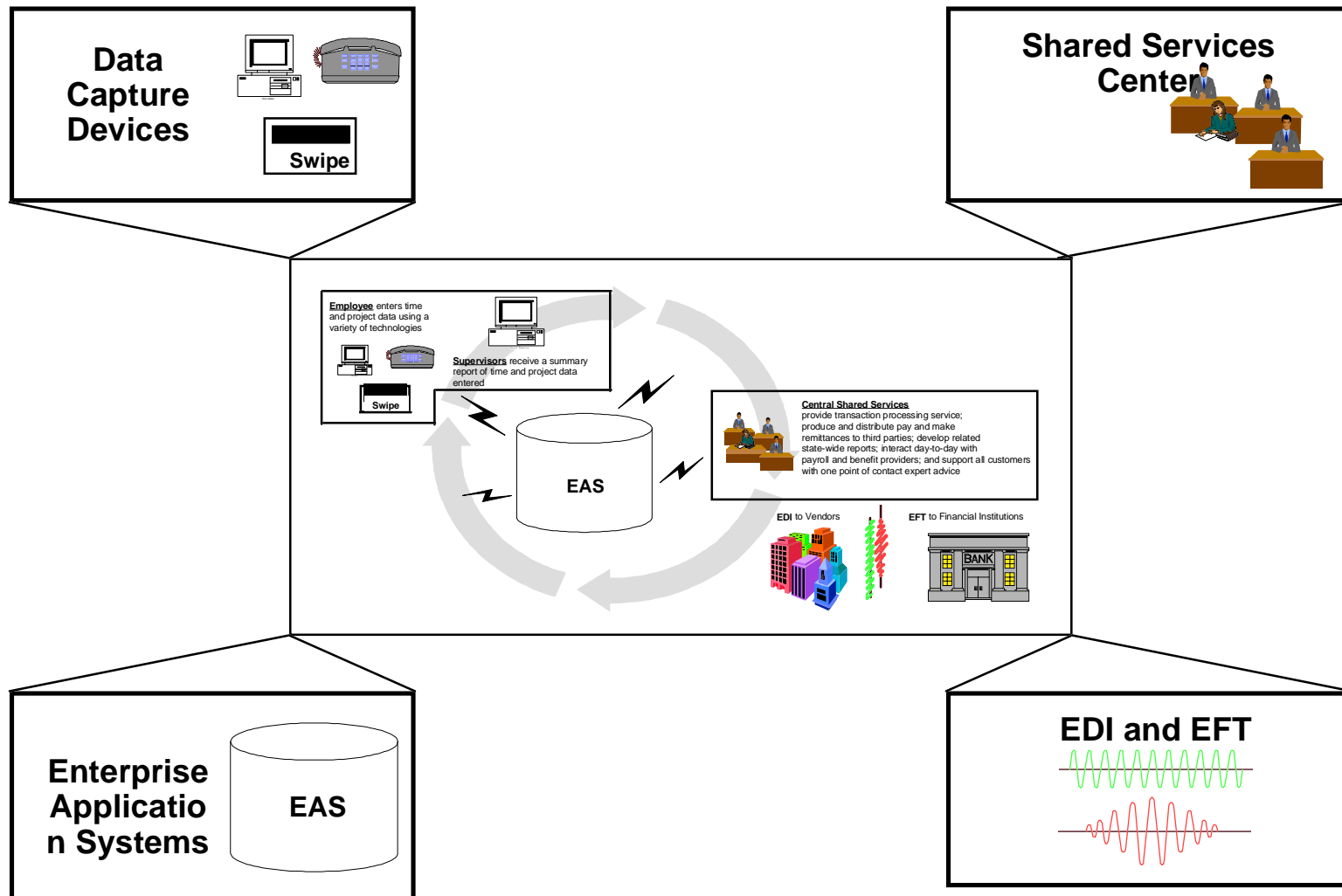
Attributes:

- Analysis and forecasting capability for managers in establishing their total pay requirements.

- Clear history feature and good audit trail so managers can review previous personal services costs.

- Managers have access to current employee records.

- One-stop shopping for employees; ability to input benefits changes or queries online, get reports of how much they have paid into PERS, forecast tax deductions, etc.

- Employees have access to their own personal information.

- Personnel officers have access to EEO and recruitment information.

- All have access to "phone-book" information online.

Benefits/Savings:

- Managers able to budget and plan more effectively.

- Increased employee morale and satisfaction.

- Better planning means fewer costly mistakes.

- Employees, managers and personnel officers save time researching information.

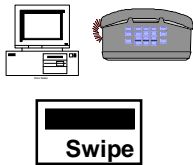- Fewer FTE needed to explain and assist with benefits.

Appendix A - Building Blocks - Components of Conceptual Design

Data Capture Devices

Swipe

Shared Services Center

Employee enters time and project data using a variety of technologies

Supervisors receive a summary report of time and project data entered

Swipe

Central Shared Services
provide transaction processing service; produce and distribute pay and make remittances to third parties; develop related state-wide reports; interact day-to-day with payroll and benefit providers; and support all customers with one point of contact expert advice

EAS

EDI to Vendors

EFT to Financial Institutions

BANK

Enterprise Application Systems

EAS

EDI and EFT

Appendix A - Building Blocks -
Detailed Description of Building Blocks

**Data
Capture
Devices**

Swipe

Investments/Costs:

- Technology investment costs and ongoing maintenance and upgrade costs

- Training costs

Description:

- **Use various data capture methodologies and devices. Swipe cards allow for automatic time entry in office environment.**

- **Interactive Voice Response units allows time to be phoned in.**

- **PCs and Kiosks allow people to enter time and get payroll and benefit information at their own convenience.**

Assumptions:

- Employees will be responsible for time entry in order to minimize time sheet and paper usage.

- Employees will get training in the various methods of time entry.

Implications:

- Employees will need to accept these methods
- Strong leadership support must come from upper management.
- Compliance with time entry requirements will need to be enforced.

**Deloitte & Touche Consulting
Group**

**Appendix A - Payroll & Benefits Administration Process Vision
Page 8**

**Visioning Final Report
4/15/97**

Appendix A - Building Blocks -
Detailed Description of Building Blocks

Shared Services Center

Investments/Costs:

- Reconfigured facilities to house the new center.

- Training for existing staff or hiring of new staff.

- Implementation cost of the center.

Description:

- **Centrally located, generalists and specialists will serve employees by providing assistance, information and advice on payroll and benefits administration related topics.**

- **Provide transaction processing service; produce and distribute pay and make remittances to third parties; develop related state-wide reports; and interact day-to-day with service providers.**

Assumptions:

- The current profile of State employees consists of the specialists that will be needed to staff the shared services center.

- Existing payroll and benefits administration processes will be reengineered.

Implications:

- If the current State resources are not equipped with the necessary skills more specialized resources will have to be hired and trained.

- Executive support is a critical success factor for this vision.

Appendix A - Building Blocks -
Detailed Description of Building Blocks

EDI and EFT
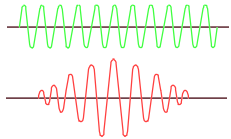
Investments/Costs:

• Cost to implement EDI capability. EDI will require a commitment of time in setting up the communication standards.

• Training and ongoing maintenance and support.

Description:

• **Electronic data interchange is a set of data-communication standards that allow two or more entities to exchange data in a common electronic format.**

• **For Payroll and Benefits Administration processes, EDI and EFT will be used to transfer funds and information to and from service providers.**

Assumptions:

• Employees will be required to establish a bank account for payroll purposes.

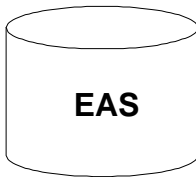• Vendors have the capability to utilize EDI/EFT.

Implications:

• More timely and accurate processing and elimination of numerous systems.

• Improved information management and cash management will result

Appendix A - Building Blocks -
Detailed Description of Building Blocks

Enterprise Application Systems

EAS

Investments/Costs:

- Included in MT PRRIME

Description:

- **Enterprise Application Systems (EAS) is a class of commercially available client/server software that is designed to address the generic computing needs of large organizations.**
- **EAS systems are typically modular in nature, comprising such functionality as Finance and Accounting, Budgeting, Purchasing, Inventory Management, Human Resources , Payroll and Benefits.**
- **EAS systems are fairly complex and require a significant implementation effort.**

Assumptions:

- The various EAS vendors will continue to enhance both the breadth of their module offerings and the level of integration between modules.

- The implementation of an EAS will meet many of the business requirements identified by the visioning process.

Implications:

- Detailed analysis must be undertaken to assess the overall business requirements of the various service areas to identify those which can be met through an EAS and those which will require other solutions.

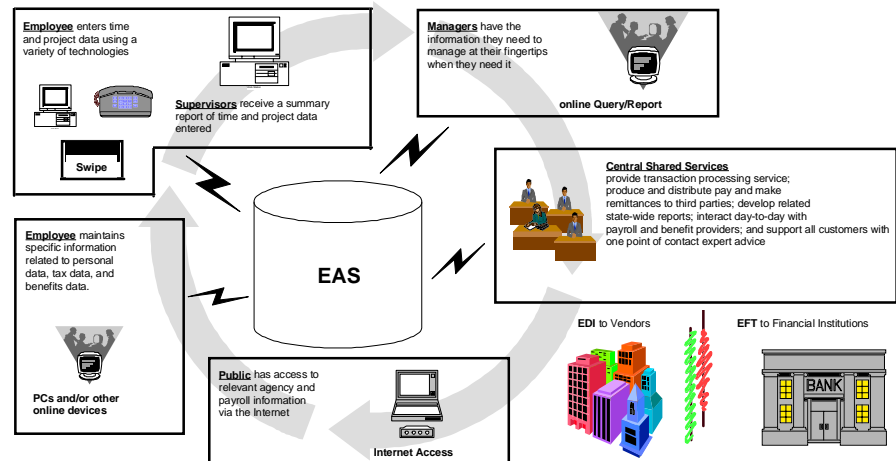# Appendix A - Performance Expectations - New Process Map Compared to Old
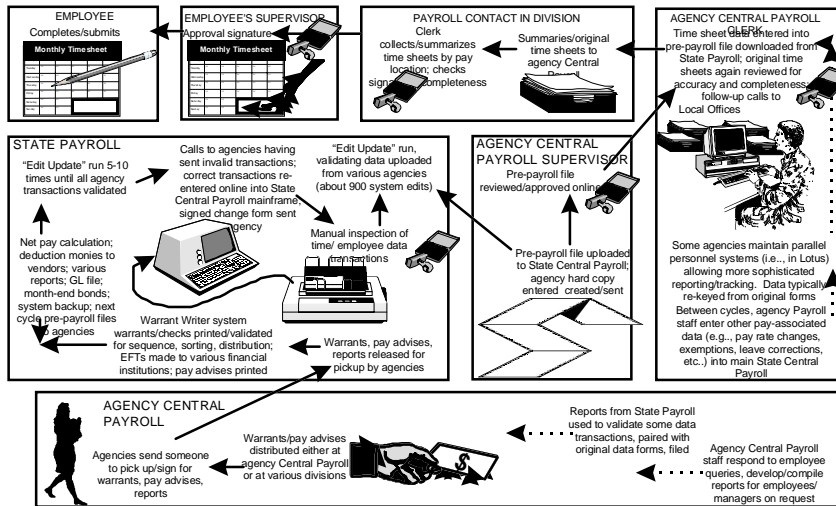
'As-is'

- 900 people directly involved
- 40 Fees
- 5 approvals of time
- 20 steps
- 10 day cycle time
- $7.25 processing cost per payment

'To-be'

- 10-15 people directly involved
- 10-15 FTEs
- No formal approval of time
- 5-6 steps
- 5 day cycle time
- $3.00 (or better) processing cost per payment

Appendix A - Quick Wins

Quick Wins have been defined as opportunities that meet the following criteria:

- Can be realized within a short to mid-term time-frame (3-6 months to full implementation);
- Do not require legislative changes or approval;
- Do not require fundamental changes to infrastructure, information, systems or position qualifications; and,
- Do not require a significant investment to implement (<$100,000).

The following indicates a number of quick hits for this process area.

- Put up benefits plan information online;
- Use Zip Mail to confirm benefits changes instead of regular mail;
- Put everyone on EFT;
- Smaller agencies should contract for services from larger agencies;
- Encourage exception based time reporting - either on paper or by Lotus spreadsheets; and,
- Leave employee information in system when transferring to another agency.

Appendix A - Impacts on Stakeholders

Key stakeholders have been identified and are shown in the diagram below. Stakeholder requirements have been used during the visioning phase to identify the requirements for the vision.
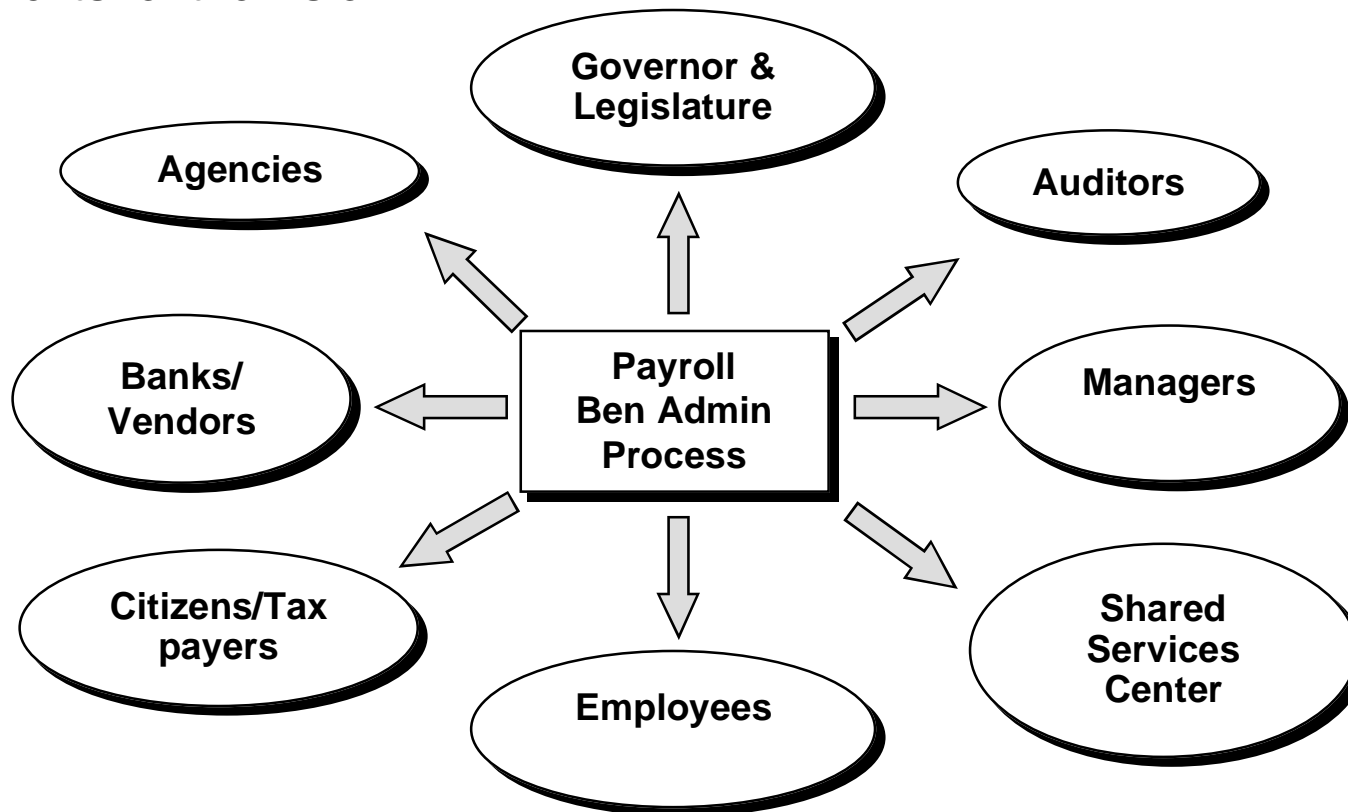
The balance of this section identifies the impacts unique to each group of stakeholders.

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Appendix A - Impacts on Stakeholders

Reengineering the Payroll\Benefits Administration process will affect each stakeholder group differently. The following section summarizes the potential impacts of the vision on each group.

- **Agencies**
  - ∗ Agencies will no longer be spending money on non-value added activities associated with payroll and benefits administration. This will allow FTE to be released for activities of value to the organization and the taxpayer.
- **Auditors**
  - ∗ There will be a clear audit trail for all transactions in the system.
  - ∗ Electronic reporting will revolutionize the audit process, speeding it up and making it more accurate.
- **Managers**
  - ∗ Managers won't have to spend as much time collecting, verifying and editing each employee's time.
  - ∗ Managers will be able to spend more time managing.
- **Taxpayers**
  - ∗ More resources will be allocated to programs and activities of value to the taxpayer. Cost savings translate into tax savings. Citizens will have access to information through the Openness in Government initiatives.
- **Service Providers (Banks, Vendors, etc.)**
  - ∗ Paper reports will be eliminated, decreasing the amount of time the vendor waits for payment. Electronic Fund Transfers increase efficiency and reduce cost. Higher efficiency means fewer errors.
  - ∗ Verification of employment would be automated.

Appendix A - Impacts on Stakeholders

- **Governor and Legislature**
  - ∗ Governor and Legislature will be able to easily access information on individual state employees and summary information in order to make important decisions. Constituents are assured every effort is being made to make government more efficient and competitive.

- **Employees**
  - ∗ Employees will be able to access their personal information and apply for benefits changes quickly and at their convenience.
  - ∗ Time entry will be significantly simplified. Time lags between time entry, deductions changes and receiving funds will be shortened.
  - ∗ Employees will be able to confer with experts on benefits questions and get correct information quickly.
  - ∗ Employees will be solely responsible for entering time and project costing data.

- **Shared Services Center**
  - ∗ The Center will be solely responsible for payroll administration.
  - ∗ online forms, enhanced and adaptable reporting capabilities and interactive systems will reduce paper-based, manual processes.